

Western Economic Diversification Canada

2012–2013

Report on Plans and Priorities

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Minister's Message

As Minister responsible for Western Economic Diversification Canada (WD), I am pleased to present the department's *2012-2013 Report on Plans and Priorities*.

Over the past year, the economy has been the Government of Canada's top priority. However, the global economy remains fragile and WD is continuing to support strategic projects that promote economic growth, create jobs and ensure that the western Canadian economy remains strong, innovative and competitive. The department is well positioned to respond to western needs and will continue to promote innovation, foster business development and strengthen communities in the West.



WD will continue to ensure that Western Canada remains a driving force behind Canada's prosperity and that the interests of western Canadians are advanced in national economic policy.

The department will build on the solid foundation it has laid of investing in strategic projects, partnerships and programs that contribute towards a healthy economic future for Canadians.

The Honourable Rona Ambrose, P.C., M.P.

Minister of State's Message

As Minister of State for Western Economic Diversification, I am pleased to share the *2012–2013 Report on Plans and Priorities*.

Western Economic Diversification Canada (WD) acts on the priorities of western Canadians by helping to create a modern, diversified and competitive economy. The economy of Western Canada has changed over the last 25 years and the department is evolving to respond to this new economic landscape by focusing on small business, creating jobs and attracting investment to encourage economic growth.

Our government's top priority remains the economy and, in 2012, WD will work diligently to ensure that our programs are focused and that they meet the needs of western Canadians. The department will focus on the strategic delivery of programs that support commercialization, business development and foster growth in our communities.

Innovation is a significant economic driver in the West and WD will help create the right conditions for innovative ideas to become a reality. The department's investments will promote growth and will encourage the commercialization of new technology products, processes and services.

WD recognizes that small and medium-sized enterprises (SMEs) are a key source of job creation in the West. We will focus our investments on ensuring western businesses are more productive and competitive in the global economy. In addition, WD will work with western Canadian industry and SMEs to ensure the West is well positioned to benefit from major federal procurement contracts.

Moving forward, WD will work closely with its existing stakeholders and will reach out to new partners to improve the long-term competitiveness of the West, create jobs and help ensure the continued growth and prosperity of the western economy.



The Honourable Lynne Yelich, P.C., M.P.

Section I: Organizational Overview

1.1 *Raison d'être*

Western Economic Diversification Canada (WD) was established in 1987 and mandated to promote the development and diversification of the economy of Western Canada and to advance the interests of the West in national economic policy, program and project development and implementation.

As the federal economic development department for Western Canada, WD develops and supports economic policies, programs and activities that promote economic growth and assist Western Canada in responding to the economic challenges and opportunities it faces.

1.2 Responsibilities

WD's mandate, which is outlined in the *Western Economic Diversification Act*, is to develop and diversify the western Canadian economy. This broad mandate allows the department to implement diverse programs and initiatives across the West to help western Canadians create strong, competitive and innovative businesses and communities.

With offices in each western province and its headquarters in Edmonton, WD provides a strong federal presence in the economic development of the West. Its western base has enabled the department to develop an understanding of Western Canada and foster extensive partnerships with business and community organizations, research and academic institutions, as well as provincial and municipal governments.

Our Vision

To be leaders in creating a more diversified western Canadian economy that has strong, competitive and innovative businesses and communities.

An important contributor to a prosperous western Canadian economy, WD helps build on the West's traditional economic strengths while supporting the transition to a more diverse, modern economy.

These connections enable the department to identify and support economic opportunities in the West and to leverage its investments to benefit the western Canadian economy. Another strength of WD is its connections to and knowledge of Ottawa and the federal government throughout Canada. This allows the department to convey western perspectives to national economic policy and program decision-makers, working within the federal system to ensure that western interests and perspectives are brought to bear in federal decision making.

WD programs strengthen:

- **Innovation:** WD promotes the development and growth of the knowledge-based economy by building innovation capacity and supporting the commercialization of new knowledge-based products, processes and services. The department's investments have contributed to the strengthening of western Canada's economy and will provide the foundation for future economic diversification and growth.
- **Business Development:** WD helps small and medium-sized enterprises (SMEs) develop and grow, create jobs, expand their markets, increase their exports and become more innovative and productive. Each year, the more than 100 partners in WD's Western Canada Business Service Network (WCBSN)¹ provide thousands of western entrepreneurs with the information, training and capital they need to start and grow their businesses.
- **Community Economic Development:** WD helps rural and urban communities sustain their local economies, adjust to changing economic circumstances and invest in public infrastructure. The 90 Community Futures² organizations supported by WD in the West play a particularly important role in leading community economic development activities and initiatives to help rural communities compete in a changing global economy.

To ensure that its programs have the greatest impact on the West, WD will focus its investments in priority areas—business productivity and growth, trade and investment and technology commercialization. In addition, the department will continue to advance western interests in national economic policy, program and project development and implementation.

WD also delivers national initiatives on behalf of the Government of Canada in Western Canada. These have included the Recreational Infrastructure Canada program and the Community Adjustment Fund under Canada's Economic Action Plan, programming to upgrade and expand western Canadian infrastructure, the Economic Development Initiative aimed at supporting businesses and economic development in western Canadian Francophone communities, as well as programs to help mitigate the economic impact of the Mountain Pine Beetle infestation. WD's flexibility and ability to implement programs such as these enables it to respond quickly to the priorities and needs of the federal government in the West.

To ensure that its programs have the greatest impact on the West, the department will focus on its priority areas—business productivity and growth, trade and investment, technology commercialization and advancing the interests of Western Canada.

¹ For more information, visit www.wd-deo.gc.ca/eng/99.asp.

² Community Futures organizations are community-based, non-profit organizations that provide SMEs in their communities with loans, technical support, training and information. They are also involved in community economic development projects. For more information, visit www.communityfuturescanada.ca.

As an important contributor to a prosperous western Canadian economy, WD helps build on the West's traditional economic strengths while supporting the transition to a more diverse, modern economy. WD is committed to building a stronger western Canadian economy and a stronger Canada.

1.3 Strategic Outcome and Program Activity Architecture

In 2012–13, WD will focus on the program activities and sub-activities listed below to achieve its strategic outcome of developing and diversifying the western Canadian economy. These activities, comprising the department's Program Activity Architecture (PAA), will help ensure that Western Canada continues to make a strong contribution to Canada's economic success.

Strategic Outcome	Program Activities	Program Sub-Activities
The western Canadian economy is developed and diversified	Business Development	Improve Business Productivity
		Market and Trade Development
		Industry Collaboration
		Foreign Direct Investment
		Access to Capital
		Technology Adoption and Commercialization
		Technology Linkages
	Innovation	Technology Research and Development
		Community Innovation
		Technology Skills Development
		Knowledge Infrastructure
	Community Economic Development	Community Planning
		Community Development
		Community Economic Adjustment
		Community Infrastructure
	Policy, Advocacy and Coordination	Collaboration and Coordination
		Research and Analysis
		Advocacy
	Internal Services	Governance and Management Support
		Resource Management Services
		Asset Management Services

1.4 Organizational Priorities

In 2012–13, WD will focus on the six organizational priorities described below. These key areas of focus are at the core of the department's efforts to develop and diversify the western Canadian economy.

Priority 1: Technology Commercialization

Type: Ongoing

Link to Program Activity: Innovation

Why this is a priority

- Technology commercialization and adoption are essential to creating a knowledge-based economy, which leads to economic prosperity and sustainability. The global economy is driven increasingly by new ideas and knowledge-based industries.
- Business Expenditures on Research and Development (BERD)—a key driver of technology commercialization—are lower in the West [0.6 percent of the gross domestic product (GDP)] than the rest of Canada (1.0 percent) and the Organization for Economic Co-operation and Development average (1.6 percent).
- Technology commercialization is a priority for the federal and provincial governments, with recent initiatives such as the expert panel report on the *Review of Federal Support to Research and Development*³ and the Science, Technology and Innovation Council's report entitled *State of the Nation 2010 – Canada's Science, Technology and Innovation System*.⁴

Plans for meeting the priority

- Target 30 percent of total grants and contributions (Gs&Cs) spending on technology commercialization projects. Over the next three years, WD will work in consultation with proponents and stakeholders to modify the department's investment expenditure mix in this manner. A transition strategy with interim milestones will guide the achievement of this target;
- Undertake new approaches to assist small and medium-sized enterprises in the commercialization of new technology products, processes and services for domestic and international markets, with a particular focus on creating market-ready technologies. This will ensure that the department's investments continue to support job creation and enable western businesses to be more productive and competitive in the global economy;
- Support projects that enable and facilitate technology commercialization in emerging sectors in Western Canada such as the digital economy.

³ http://rd-review.ca/eic/site/033.nsf/eng/h_00287.html

⁴ http://www.stic-csti.ca/eic/site/stic-csti.nsf/eng/h_00038.html

Priority 2: Trade and Investment

Type: Ongoing

Link to Program Activity: Business Development

Why this is a priority

- Western Canada's long-term prosperity depends on its ability to be part of the global economy. An open, strong and resilient global economy creates trade and investment opportunities for businesses, leading to economic growth, jobs and lower prices for Canadians.
- Western Canada is highly dependent on trade, with international exports accounting for more than 29 per cent of its GDP.
- Supporting trade and investment activities helps SMEs increase their competitiveness and productivity. Businesses can take advantage of economies of scale, enhance their skills and expertise and gain access to new markets, innovative ideas, technology and capital. This, in turn, increases their long-term profits and promotes job creation.
- Foreign direct investment increases the transfer of technology, knowledge and skills to Canada and promotes innovation through the development of new technologies.
- WD contributes to the success of the Government of Canada's Global Commerce Strategy⁵ through its trade and investment priority.

Plans for meeting the priority

- Target 20 percent of total Gs&Cs spending on trade and investment projects. Over the next three years, WD will work in consultation with proponents and stakeholders to modify the department's investment expenditure mix in this manner. A transition strategy with interim milestones will guide the achievement of this target;
- Strengthen western Canadian engagement in international markets and global value chains;
- Facilitate connections between western Canadian businesses and multinational aerospace, marine and defence companies that receive federal defence and security procurement contracts with Industrial and Regional Benefits obligations, which require the companies to undertake business activities in Canada equal to the value of the contract awarded by the Government of Canada;
- Increase awareness of Western Canada as a competitive investment destination—in particular, by highlighting Western Canada's innovation and technology capabilities;
- Support international business development opportunities (i.e., through trade and investment promotion, as well as technology partnering and collaboration activities) for western Canadian SMEs with the United States and Mexico through the North American Platform Program (NAPP).⁶

⁵ <http://www.international.gc.ca/commerce/strategy-strategie/index.aspx?view=d>

⁶ The NAPP, a partnership of six federal departments coordinated by the Department of Foreign Affairs and International Trade, provides a coordinated and integrated approach to advancing Canada's trade and investment and science and technology interests in the United States and Mexico.

Priority 3: Business Productivity and Growth

Type: Ongoing

Link to Program Activity: Business Development

Why this is a priority

- Productivity growth is crucial for ensuring long-term economic growth and improving the overall standard of living of western Canadians.
- Canada's productivity performance has lagged over the past decade compared to that of other industrialized economies. While there have been many studies on this issue, the long-term trend of Canadian versus United States and Organisation for Economic Co-operation and Development productivity growth is not favourable to Canada. One recent study cited Canada's productivity level for the business sector at roughly 70 percent of the level in the United States and projected productivity growth to remain well below that of the United States⁷. The productivity gap is largely due to differences in the rate of adopting new technologies, business practices and innovations, research and development (R&D) expenditures, as well as machinery and equipment investments.

Plans for meeting the priority

- Target 27 percent of total Gs&Cs spending on business productivity and growth projects. Over the next three years, WD will work in consultation with proponents and stakeholders to modify the department's investment expenditure mix in this manner. A transition strategy with interim milestones will guide the achievement of this target;
- Support initiatives directed at SMEs to create jobs, improve business processes, accelerate the adoption of innovative products and services, adopt best practices, create business networks and improve access to skilled labour;
- Provide business information and access to capital for SMEs in rural and urban areas through the Western Canada Business Service Network (WCBSN);⁸
- Support initiatives to improve productivity, including labour productivity, which will improve the competitiveness of the western Canadian economy and will also assist industry in meeting the labour needs of a burgeoning western Canadian economy.

Priority 4: Advancing the Interests of Western Canada

Type: New

Links to Program Activity: Policy, Advocacy and Coordination

⁷ CSLS *Aggregate Income and Productivity Trends Database*, Table 7a: Relative Productivity Levels in the Business Sector, Canada and the United States, 1947-2011, Centre for the Study of Living Standards.

⁸ <http://www.wd-deo.gc.ca/eng/99.asp>

Why this is a priority

- Current national economic policy issues will have a profound impact on Western Canada.
- The *Western Economic Diversification Act* mandates WD to advance western interests in national economic policy, program and project development and implementation.
- Attention in this area will help ensure advocacy and policy engagement efforts are pursued at an early stage to respond to opportunities or challenges and influence national policy development that is relevant to Western Canada.

Plans for meeting the priority

- Represent western interests to key decision-makers in the development of national policies and strategies;
- Build relationships with key stakeholders, including industry and other federal organizations, by proactively engaging potential partners, sharing information and collaborating on initiatives of interest to Western Canada;
- Identify opportunities for economic growth or diversification in value-added areas such as information and communications technologies, clean technologies, aerospace and defence;
- Focus department-wide research and policy efforts on government strategies and issues that affect Western Canada, such as the Global Commerce Strategy,⁹ Digital Economy Strategy,¹⁰ gateways and corridors, clean energy and oil sands;
- Support research and policy analysis to enhance understanding of western Canadian economic issues, challenges, opportunities and priorities.

Priority 5: Performance Measurement

Type: Ongoing

Links to Program Activities: All program activities

Why this is a priority

- Effective performance measurement is essential for demonstrating and communicating WD's impact on the development and diversification of the western Canadian economy.
- Meaningful performance data will improve WD's capacity to engage in evidence-based planning, decision making and policy development and enable the department to maximize its economic impact by implementing strategic adjustments to resource allocations and programming.

Plans for meeting the priority

- Revise the department's Program Activity Architecture (PAA) and Performance Measurement Framework;
- Improve business practices and employee training related to data capture, performance measurement, reporting and the use of performance results in decision making;

⁹ <http://www.international.gc.ca/commerce/assets/pdfs/GCS-en.pdf>

¹⁰ <http://www.digitaleconomy.gc.ca/eic/site/028.nsf/eng/home>

- Design and develop the requisite changes to WD's project management and reporting systems to accommodate new performance indicators and performance measurement approaches;
- Increase the use of qualitative measures and case studies in evidence-based planning, decision making and policy development.

Priority 6: Managing in a Changing Environment

Type: New

Links to Program Activities: All program activities

Why this is a priority

- WD operates in a dynamic and complex economic and political environment and needs to ensure that its programs address the challenges and opportunities in Western Canada in an increasingly global economy.
- Increasingly, the public sector is expected to improve the effectiveness and efficiency of its operations, adapt and be creative in meeting Canadians' expectations.

Plans for meeting the priority

- Implement a departmental investment strategy and review operating resources to ensure that WD has allocated its resources to areas that have the greatest impact on the western Canadian economy;
- Manage the transition to a new operating model for information management and technology (IMT)—for example, by developing memoranda of understanding with Shared Services Canada (SSC) and re-aligning the remaining IMT resources;
- Collaborating with other regional development agencies on common systems and tools for G&C programs to improve efficiencies and service to clients;
- Prepare and implement an action plan in response to results of the 2011 Public Service Employee Survey.

1.5 Risk Analysis

External Environment

The western Canadian economy is an important part of Canada's economy. Home to more than 30 per cent of all Canadians, the four western provinces have a combined GDP that rivals that of Ontario.¹¹ Because of its significant size and strong economic performance, western Canadian economic opportunities and challenges have a significant impact on national economic performance.

Western Canadian economic opportunities and challenges have a significant impact on national economic performance.

WD supports economic development and diversification by building on the West's existing strengths and helping create new opportunities through the development of new and growing sectors of the economy.

In 2011, economic growth in Western Canada outpaced the national average. This is expected to continue in 2012. Despite the positive economic outlook for 2012, Canada's economic situation—particularly in the export-dependent West—will be affected by the continued volatility of the global economy and its challenges.

Economic growth and prosperity in Western Canada have been largely resource-driven and the West has benefitted from prolonged periods of high demand and prices for commodities. Furthermore, growth has supported the creation of commodity-based industry clusters in sectors such as mining, forestry, oil, gas and agriculture. While the

West's natural resources provide a strong foundation for future economic growth, the resource-driven growth has masked a number of fundamental challenges facing Western Canada's long-term economic prospects.

Western Canadian businesses have comparatively low levels of investment in R&D and slower rates of adoption of new technologies and equipment, particularly outside of the major resource sectors. This has contributed to declining competitiveness and slow productivity growth compared to Western Canada's competitors. In 2012–13, WD will continue to invest in projects and activities that help businesses increase their productivity and competitiveness through the development, adoption and commercialization of new technologies and business processes.

Western Canadian businesses also face the challenge of a small domestic market and increasing global competition. The strong economic performance of fast-growing economies such as China, Korea, India and Brazil are eroding the competitive position of many western Canadian firms. To compete, businesses will need to participate in global value chains and attract foreign direct investment. Foreign direct investment can address gaps in risk capital in Canada by providing

¹¹ In 2010, the nominal GDP for Western Canada was 36.0 percent of the national figure, while Ontario's was 37.7 percent.

access to the financial base of parent companies, an important way to provide greater access to funding for R&D and technology commercialization. In 2012–13, WD will continue to work with western SMEs, industry associations and research institutions to improve access to global value chains, strengthen international partnerships and encourage foreign direct investment, leading to enhanced international markets for Canadian products and services.

To be effective in advancing its strategic outcome in the West, WD works with a number of partners and stakeholders that bring tremendous strengths, resources and capacity to the economic development and diversification of Western Canada. These partners and stakeholders include businesses, industry associations, non-profit organizations, research and academic institutions, provincial and municipal governments and other federal organizations. The department must ensure that its programs and initiatives are aligned with and sensitive to the needs of key partners and stakeholders to maximize the department's impact on the western Canadian economy.

Internal Operating Environment

WD's internal environment influences its ability to deliver on priorities and advance the strategic outcome of a developed and diversified western Canadian economy.

WD will look for efficiencies and savings in its operations, ensuring that program funding is directed at areas that provide the greatest impact on the development and diversification of the western Canadian economy.

The federal government is exploring the application of standard management practices horizontally across government including: Gs&Cs business processes and reform, pay modernization, information technology (IT) systems, as well as financial systems and processes.

The new SSC department was created to improve services to Canadians, make IT more secure and reliable, as well as save money. SSC will provide services associated with email, data centre and network services to federal departments. The transfer of a portion of WD's IT staff and budget to this new organization will change the way the department manages and develops its IT systems, helping the department to streamline and modernize its administrative services consistent with other federal departments. The challenge for WD will involve transitioning IT staff and services and developing and maintaining systems that are appropriate for the department's needs.

Corporate Management of Risk

As part of its risk management approach, WD integrates risk information into its key decision-making and planning activities. To help facilitate this integration, the department updates its corporate risk profile annually to reflect its external and internal operating environment. Key risks and mitigation strategies are assessed to determine the residual risk that could affect the achievement of the department's strategic outcome.

1.6 Planning Summary

Financial Resources

WD invests its core resources in the following activities to support the development and diversification of the western Canadian economy:

- Administering G&C programs¹² that advance innovation, business development and community economic development throughout the western provinces;
- Supporting the WCBSN,¹³ made up of more than 100 economic development organizations in rural and urban communities across the West, where entrepreneurs can get assistance in starting and expanding their businesses;
- Advancing western interests in the development and implementation of national economic policies, programs and projects by advocating for Western Canada on important economic matters;
- Undertaking and supporting research, consultations and other activities to improve understanding of the western Canadian economy.

WD's planned spending for 2012–13 is \$176.3 million.

(\$ thousands)

2012–13	2013–14	2014–15
176,307	164,776	164,679

Human Resources

The commitment and expertise of WD's staff enables the department to deliver results to western Canadians. With offices in Manitoba, Saskatchewan, Alberta, British Columbia and Ottawa, WD has staff with extensive local knowledge and connections with key stakeholders in Western Canada. WD also maintains the presence and capacity needed to advance western interests in national economic decision making in the National Capital Region.

The table below provides a summary of the total planned human resources for WD over the next three fiscal years.

(Full-Time Equivalents – FTEs)

2012–13	2013–14	2014–15
408	402	397

¹² <http://www.wd-deo.gc.ca/eng/16.asp>

¹³ <http://www.wd-deo.gc.ca/eng/99.asp>

Planning Summary Table

(\$ thousands)

Program Activity	Forecast Spending 2011-12	Planned Spending			Alignment to Government of Canada Outcomes
		2012-13	2013-14	2014-15	
Business Development	52,373	63,019	61,606	61,587	Strong Economic Growth
Innovation	69,926	62,259	57,662	57,651	An Innovative and Knowledge-Based Economy
Community Economic Development	37,870	20,832	15,829	15,821	Strong Economic Growth
Policy, Advocacy and Coordination	9,381	8,190	8,062	8,048	Strong Economic Growth
Total Planned Spending		154,300	143,159	143,107	

(\$ thousands)

Program Activity	Forecast Spending 2011-12	Planned Spending		
		2012-13	2013-14	2014-15
Internal Services	26,058	22,007	21,617	21,572
Total Planned Spending		22,007	21,617	21,572

1.7 Contribution to the Federal Sustainable Development Strategy

The Federal Sustainable Development Strategy (FSDS) outlines the Government of Canada's commitment to improving the transparency of environmental decision making by articulating its key strategic environmental goals and targets. WD ensures that consideration of these outcomes is an integral part of its decision-making processes. In particular, through the federal Strategic Environmental Assessment (SEA) process, any new policy, plan or program initiative includes an analysis of its impact on attaining FSDS goals and targets. The results of SEAs are made public when an initiative is announced, demonstrating the department's commitment to achieving FSDS goals and targets.

WD contributes to Themes I: Addressing Climate Change and Air Quality; II: Maintaining Water Quality and Availability; and IV: Shrinking the Environmental Footprint – Beginning with Government, as denoted by the visual identifiers below.



Theme I:
Addressing Climate Change
and Air Quality



Theme II:
Maintaining Water Quality
and Availability



Theme IV:
Shrinking the Environmental Footprint –
Beginning with Government

These contributions are components of the following program activities and are further explained in Section II:

- Program Activity 2 – Innovation
- Program Activity 5 – Internal Services

For additional details on departmental activities to support sustainable development, please reference Section II of this RPP and WD's Departmental Sustainable Development Strategy 2011–14.¹⁴ For complete details, see the FSDS.¹⁵

1.8 Expenditure Profile

WD's planned spending is \$176.3 million in 2012–13, compared to the 2011–12 forecast spending of \$195.6 million. The \$19.3 million decrease is due to the conclusion of funding for the following program, as well as other cash flow variations explained below.

Program completion:

- \$12.9 million decrease related to the Recreational Infrastructure Canada program under Canada's Economic Action Plan (EAP).

¹⁴ <http://www.wd-deo.gc.ca/eng/12782.asp>

¹⁵ <http://www.ec.gc.ca/dd-sd/default.asp?lang=En&n=F93CD795-1>

Normal cash flow variations from 2011–12:

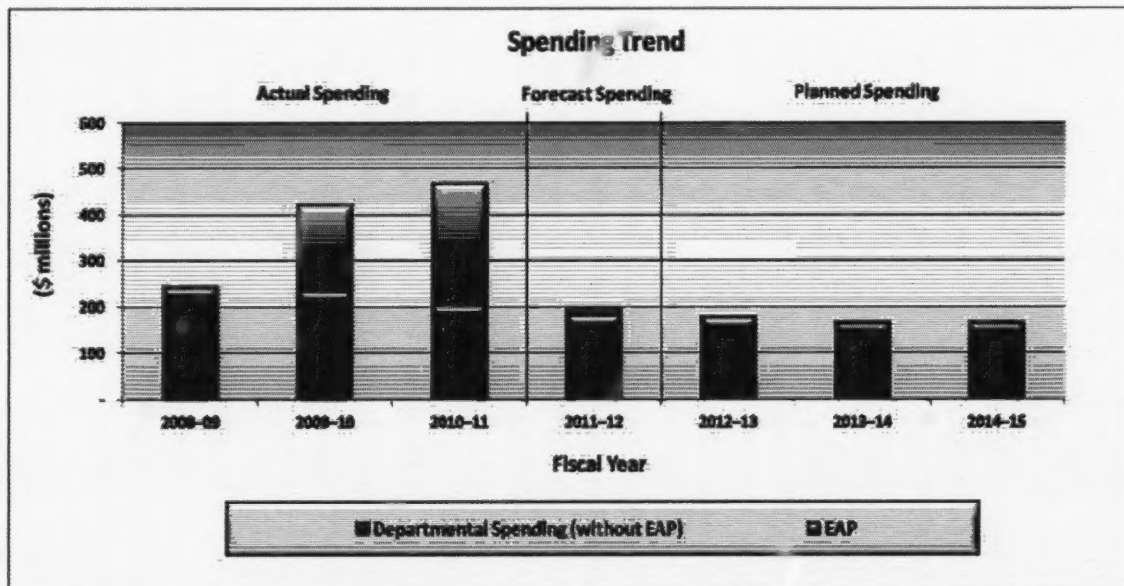
- \$3.7 million increase for the Alberta and Saskatchewan Centenaries;
- \$0.3 million increase for the Building Canada Fund;
- \$5.3 million decrease for reductions related to the strategic review and the transfer of funds to SSC;
- \$4.4 million decrease comprising an operating budget carry forward, an adjustment to WD's revenue collections target, eligible pay-list expenses reimbursed through Treasury Board Vote 30 and funding related to the delivery of the Community Adjustment Fund under Canada's EAP;
- \$0.7 million decrease in operating funding for the delivery of the Municipal Rural Infrastructure fund and the Building Canada Fund.

The department's planned spending is at approximately the same level for the next two fiscal years—\$164.8 million for 2013–14 and \$164.7 million for 2014–15.

The \$11.6 million decrease in funding between 2012–13 and 2014–15 relates primarily to the conclusion of initiatives related to the Alberta and Saskatchewan Centenaries (\$3.7 million) and the Rick Hansen Foundation (\$4.5 million), as well as a further decrease related to strategic review savings (\$3.2 million).

(\$ millions)

Departmental Spending	Actual Spending 2008–09	Actual Spending 2009–10	Actual Spending 2010–11	Forecast Spending 2011–12	Planned Spending 2012–13	Planned Spending 2013–14	Planned Spending 2014–15
Without EAP	242.2	234.3	204.0	182.7	176.3	164.8	164.7
EAP	-	187	262.5	12.9	-	-	-
Total	242.2	421.3	466.5	195.6	176.3	164.8	164.7



1.9 Estimates by Vote

For information on WD's organizational appropriations, please reference the 2012-13 Main Estimates.¹⁶

¹⁶ <http://www.tbs-sct.gc.ca/est-pre/20122013/p2-eng.asp>.

Section II: Analysis of Program Activities by Strategic Outcome

2.1 Strategic Outcome: The western Canadian economy is developed and diversified

Western Economic Diversification Canada (WD) works to develop and diversify the western Canadian economy, helping to build businesses that are innovative and competitive globally, while diversifying the base of the western Canadian economy beyond primary resource industries.

WD's strategic outcome is advanced through the following program activities:

- **Business Development:** Strong small and medium-sized enterprises (SMEs) in Western Canada with improved capacity to remain competitive in the global marketplace;
- **Innovation:** A strong knowledge-based economy;
- **Community Economic Development:** Communities have increased economic opportunities and capacity to respond to economic challenges, as well as the necessary investments in public infrastructure;
- **Policy, Advocacy and Coordination:** Policies and programs that strengthen the western Canadian economy;
- **Internal Services:** Effective and efficient support for advancing the department's strategic outcome.

2.1.1 Program Activity: Business Development

Human Resources [Full-Time Equivalents (FTEs)] and Planned Spending (\$ thousands)					
2012-13		2013-14		2014-15	
FTEs	Planned Spending	FTEs	Planned Spending	FTEs	Planned Spending
80	63,019	80	61,606	80	61,587

Expected Results	Performance Indicators	Targets
Strong SMEs in Western Canada with improved capacity to remain competitive in the global marketplace	SME employment (excluding non-employee SMEs)	2.6 million
	Annual international trade: value of exports excluding primary production sectors	\$44 billion

Program Activity Description

This program activity works with western Canadian businesses, industry and research organizations to undertake initiatives to enhance business productivity and competitiveness, support trade and investment attraction and penetration of western Canadian technologies, services and value-added products into international markets. Value-added production will be strengthened through support for initiatives in priority sectors to introduce new products, technologies, or innovations to existing production and processes. Access to risk capital and business services for entrepreneurs and small business will also be improved through programs and services offered in conjunction with other business services organizations and associations.

Planning Highlights

WD plans to undertake the following business development activities in 2012-13:

- Supporting initiatives directed at SMEs to improve business processes, accelerate the adoption of innovative products and services, adopt best practices, create business networks and improve access to skilled labour;
- Providing business information and access to capital services for SMEs in rural and urban areas through the Western Canada Business Service Network (WCBSN);¹⁷
- Strengthening SME engagement in international markets and global value chains;
- Facilitating connections between western Canadian businesses and multinational aerospace, marine and defence companies that receive federal defence and security procurement contracts with Industrial and Regional Benefits (IRB) obligations;¹⁸
- Building awareness of Western Canada as a competitive investment destination;

¹⁷ <http://www.wd-deo.gc.ca/eng/99.asp>

¹⁸ For more information, visit <http://www.wd-deo.gc.ca/eng/12120.asp>

- Supporting international business development opportunities for western Canadian SMEs with the United States and Mexico through the North American Platform Program;
- Supporting the development and marketing of key trade assets in Western Canada such as gateways and corridors.

2.1.2 Program Activity: Innovation

Human Resources (FTEs) and Planned Spending (\$ thousands)					
2012-13		2013-14		2014-15	
FTEs	Planned Spending	FTEs	Planned Spending	FTEs	Planned Spending
62	62,259	62	57,662	62	57,651

Expected Results	Performance Indicators	Targets
A stronger knowledge-based economy	Total income from the commercialization of intellectual property	\$21.8 million
	Business Expenditures on Research and Development as a percentage of GDP	0.59%
	Employment in natural and applied science and related occupations as a percentage of total employment	6.50%

Program Activity Description

This program activity facilitates the West's transition to a knowledge-based economy. Through innovation, knowledge is translated into new products and services and to new ways of designing, producing or marketing existing products or services for public and private markets. This recognizes that innovation occurs at the firm level, through a highly complex interdependent system that includes elements such as knowledge infrastructure, basic and applied research and development, highly qualified personnel, access to adequate patient financing, technology commercialization facilities and support systems and mechanisms to link these elements to each other. The process of innovation is not linear or isolated, but occurs within a broader context known as an "innovation system". This will strengthen the western innovation system in order to facilitate the development of clusters and to enhance the potential of innovation to create value and wealth.

Planning Highlights

WD plans to undertake the following innovation activities in 2012-13:

- Supporting market-driven technology adoption and commercialization to address the large funding gaps that exist in later stages of the commercialization process. This will include undertaking new approaches to assist innovative SMEs in commercializing new technology products, processes and services;



- Supporting projects that enable and facilitate technology commercialization in emerging sectors in Western Canada;
- Helping develop specialized technology skills;
- Investing in knowledge infrastructure and applied R&D.

2.1.3 Program Activity: Community Economic Development

Human Resources (FTEs) and Planned Spending (\$ thousands)					
2012-13		2013-14		2014-15	
FTEs	Planned Spending	FTEs	Planned Spending	FTEs	Planned Spending
85	20,832	84	15,829	80	15,821

Expected Results	Performance Indicators	Targets
Communities have increased economic opportunities and capacity to respond to challenges, as well as the necessary investments in public infrastructure	Number of new jobs created	18,500
	Percentage of key informants with the opinion that WD delivery of infrastructure programs resulted in investments that reflect western Canadian infrastructure priorities	50%

Program Activity Description

This program activity involves economic development and diversification initiatives that support communities to sustain their economies and adjust to changing and challenging economic circumstances. It includes facilitating economic recovery from depressed economic circumstances. It ensures that economic, social and environmental considerations are taken into account in initiatives designed to foster community growth and economic development. It involves projects that assist communities to assess community strengths, weaknesses, opportunities, and potential for new economic activity and to develop and implement community plans. It also involves investments in community infrastructure, coordinated with provincial and municipal governments to maximize benefits. The process involves community-based consultations to ensure federal programs, services and horizontal initiatives serve the need of western Canadian communities.

Planning Highlights

WD plans to undertake the following community economic development activities in 2012-13:

- Supporting community economic development services and activities through funding provided to the WCBSN;
- Investing in community economic development projects that generate concrete economic outcomes;

- Developing the department's role in supporting tourism initiatives;
- Delivering national programs¹⁹ across the West on behalf of the Government of Canada.

2.1.4 Program Activity: Policy, Advocacy and Coordination

Human Resources (FTEs) and Planned Spending (\$ thousands)					
2012-13		2013-14		2014-15	
FTEs	Planned Spending	FTEs	Planned Spending	FTEs	Planned Spending
60	8,190	60	8,062	60	8,048

Expected Results	Performance Indicators	Targets
Policies and programs that strengthen the western Canadian economy	Percentage of key informants with the opinion that WD activities provide policies and programs that support the economic development of Western Canada	90% ²⁰
	Percentage of WD projects completed this fiscal year that successfully met or exceeded performance targets	85%

Program Activity Description

This program activity arises from the *Western Economic Diversification Act* (1988), which empowers the Minister to advance the interests of Western Canada in national economic policy, program and project development and implementation, through the establishment of cooperative relationships with the western provinces and other stakeholders, and through the initiation of policy research. Through this activity, WD advocates for Western Canada in national policy discussions, resulting in effective strategies, policies and programs to address the economic development needs and aspirations of western Canadians. It also includes leading federal and intergovernmental collaboration to pursue key opportunities for long-term growth and diversification in areas of federal or shared federal-provincial jurisdiction. Finally, it includes undertaking research and analysis required to inform policy and program decisions.

Planning Highlights

WD plans to undertake the following policy, advocacy and coordination activities in 2012-13:

- Representing western interests to key decision-makers in the development of national policies and strategies;

¹⁹ <http://www.wd-deo.gc.ca/eng/16.asp#c>

²⁰ This survey is conducted every five years, last completed in July 2009.

- Building relationships with key stakeholders and other federal organizations by proactively engaging potential partners, sharing information and collaborating on initiatives of interest to Western Canada;
- Facilitating connections between western Canadian businesses and multinational aerospace, marine and defence companies that receive federal defence and security procurement contracts with IRB obligations;²¹
- Supporting research and policy analysis to enhance understanding of western Canadian economic issues, challenges, opportunities and priorities.

2.1.5 Program Activity: Internal Services

Human Resources (FTEs) and Planned Spending (\$ thousands)					
2012–13		2013–14		2014–15	
FTEs	Planned Spending	FTEs	Planned Spending	FTEs	Planned Spending
121	22,007	116	21,617	116	21,572

Program Activity Description

The Internal Services program activity supports all strategic outcomes and is common across government. Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

Planning Highlights

WD plans to undertake the following internal services activities in 2012–13:

- Ensuring a successful transition to a new operating model for information management and technology with the creation of Shared Services Canada;
- Implementing a departmental investment strategy and reviewing operating resources to ensure that WD has allocated its resources to strategic and high-impact areas;
- Preparing and implementing an action plan in response to results from the 2011 Public Service Employee Survey;
- Introducing a new departmental values and ethics code together with the Values and Ethics Code of Conduct for the Public Sector to ensure high ethical standards;

²¹ For more information, visit <http://www.wd-deo.gc.ca/eng/12120.asp>.

- Revising the department's Program Activity Architecture and Performance Measurement Framework to ensure that WD is able to demonstrate and communicate its impact on the western Canadian economy and support evidence-based decision making;
- Improving business practices and employee training related to data capture, performance measurement, reporting and the use of performance results in decision making.

WD is a participant in the Federal Sustainable Development Strategy (FSDS) and contributes to the Greening Government Operations targets through the internal services program activity. The department contributes to the following target areas of Theme IV of the FSDS:

- Surplus Electronic and Electrical Equipment;
- Printing Unit Reduction;
- Paper Consumption;
- Green Meetings;
- Green Procurement.



For additional details on WD's Greening Government Operations activities, please see section 3.3 – Supplementary Information Tables.²²

²² <http://www.tbs-sct.gc.ca/rpp/2012-2013/inst/wco/st-ts00-eng.asp>

Section III: Supplementary Information

3.1 Financial Highlights

**Future-Oriented
Condensed Statement of Operations**
For the year ended March 31

(\$ thousands)

	\$ Change	Future-Oriented 2012-13	Future-Oriented 2011-12
Total Expenses	(20,638)	177,105	197,743
Total Revenues	(1,781)	494	2,275
Net Cost of Operations	(18,857)	176,611	195,468

**Future-Oriented
Condensed Statement of Financial Position**
As at March 31

(\$ thousands)

	\$ Change	Future-Oriented 2012-13	Future-Oriented 2011-12
Total assets	(15,534)	99,825	115,359
Total liabilities	(11,767)	83,254	95,021
Equity	(3,767)	16,571	20,338
Total	(15,534)	99,825	115,359

3.2 Future-Oriented Financial Statements

The future-oriented financial highlights presented in the table above serve as a general overview of WD's financial operations. For the complete set of future-oriented financial statements, visit WD's Web site.²³

3.3 Supplementary Information Tables

All electronic supplementary information tables found in the *2012–13 Reports on Plans and Priorities* are available on the Treasury Board of Canada Secretariat Web site.²⁴

- Details on Transfer Payment Programs
- Up-Front Multi-Year Funding
- Greening Government Operations
- Horizontal Initiatives
- Upcoming Internal Audits and Evaluations over the Next Three Fiscal Years
- Sources of Respendable and Non-Respendable Revenue

²³ <http://www.wd-deo.gc.ca/eng/59.asp>

²⁴ <http://www.tbs-sct.gc.ca/rpp/2012-2013/index-eng.asp>

Section IV: Other Items of Interest

4.1 Section 41, *Official Languages Act*

In 2012–13, WD will continue to work with other federal organizations to deliver the Economic Development Initiative²⁵ as part of the Roadmap for Canada's Linguistic Duality 2008–2013: Acting for the Future.²⁶ The department undertakes measures through a Results-Based Action Plan for the Implementation of Section 41 of the *Official Languages Act* to enhance the vitality of western Canadian Francophone Official Language Minority Communities, support and assist them in their development and foster the full recognition and use of both English and French in Canadian society.

4.2 Strategic Planning Framework for 2012–13

The Strategic Planning Framework on the following page depicts the logical relationship between WD's strategic outcome and its program activities. The Framework also demonstrates how the department's 2012–13 priorities contribute to achieving its strategic outcome and how WD contributes to Government of Canada outcome areas.

4.3 Organizational Contact Information

WD's contact details are as follows:

Mailing Address:	Suite 1500, 9700 Jasper Avenue, Edmonton, Alberta T5J 4H7
Telephone:	780-495-4164 1-888-338-9378 (toll-free)
Fax:	780-495-4557

²⁵ <http://www.wd-deo.gc.ca/eng/11564.asp>

²⁶ <http://www.canadianheritage.gc.ca/pgm/slo-ols/pubs/08-13-ldl/08-13-ldl-eng.pdf>



Western Economic
Diversification Canada

Diversification de l'économie
de l'Ouest Canada

Strategic Planning Framework 2012-13

Government of Canada Outcome Areas

Strong Economic Growth

An Innovative and Knowledge-
Based Economy

How WD contributes to a stronger Canada

WD Mandate

To promote the development and diversification of the western Canadian economy, coordinate federal economic activities in the West, and reflect western Canadian interests in national decision-making

WD Vision

To be leaders in creating a more diversified western Canadian economy that has strong, competitive and innovative businesses and communities

Our 2012-2013 Priorities

Technology Commercialization

Trade & Investment

Business Productivity & Growth

Advancing the interests of Western Canada

Performance Measurement

Managing in a Changing Environment

These priorities will be WD's focus in 2012-2013 to achieve the following strategic outcome

Our Strategic Outcome

The western Canadian economy is developed and diversified

Our Program Activities

Business Development

Strong SMEs in Western Canada with improved capacity to remain competitive in the global marketplace

Innovation

A stronger knowledge-based economy

Community Economic Development

Communities have increased economic opportunities and capacity to respond to challenges, as well as the necessary investments in public infrastructure

Policy, Advocacy and Coordination

Policies and programs that strengthen the western Canadian economy

Internal Services

Effective and efficient support for the delivery of the organizational strategic outcome

Our People

Making a difference

A stronger West. A stronger Canada

Canada

Rev. 2011/12/16